



PSC NEWS

Missouri Public Service Commission

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PSC REJECTS TARIFFS AND DISMISSES OSAGE WATER COMPANY RATE REQUESTS

Jefferson City (January 21, 2004)---The Missouri Public Service Commission has granted a motion filed by the Office of the Public Counsel to reject tariffs filed by the Osage Water Company seeking to increase its water and sewer rates. As a result, the rate cases have been dismissed.

The Commission stated in its order: "The Commission will not allow a company to increase its rates while it is unable or unwilling to provide safe and adequate service to its customers. In order for a rate to be just and reasonable, it must be fair to both the company and its customers. The Commission has previously allowed this company to increase its rates while providing poor service to its customers. That rate increase did not result in an improvement in service and there is no reason to believe that a further rate increase will improve service to Osage Water's customers. Allowing a company to charge even more for what is already inadequate service is not fair to the customers and will not be allowed."

The Commission also stated in its order: "An examination of the testimony offered by Osage Water indicates that it has indeed failed to present sufficient evidence to justify a rate increase. Much of the testimony that has been offered is taken up with arguing that the Commission should allow Osage Water to recover in its rates for the cost of additional services and employees that Osage Water claims it would like to use to provide better service to its customers. It presents hypothetical budgets that it asks the Commission to fund through a rate increase."

The rate case before the Commission is based on the costs incurred by the Osage Water Company in the past test year. Since the Osage Water Company has not established its costs incurred in that test year, the Commission's order states, the Osage Water Company has not met its burden of proof and is not entitled to a rate increase. In addition, the Commission stated the company had failed to comply with Commission rules because it failed to present its entire case-in-chief in its direct testimony. The Commission's order states: "This requirement is necessary to allow all parties to prepare for hearing and to avoid unfair surprise."

In June 2003, the Osage Water Company filed rate requests with the Missouri Public Service Commission. A residential customer using 4,000 gallons of water a month currently pays \$24.10 a month for that amount of water. Under the rate filing, the Osage Water Company sought to increase that rate to \$28.19 a month for 4,000 gallons of water. A residential sewer customer currently pays \$26.03 a month for sewer service. The company sought to increase that rate to \$32.54 a month under its proposal.

The Osage Water Company serves approximately 350 water customers and 306 sewer customers in Camden County.

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